

SENATE BILL

58TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2027

INTRODUCED BY

DISCUSSION DRAFT

AN ACT

RELATING TO HOUSING; ENACTING THE WORKFORCE HOUSING CREATION
ACT; AUTHORIZING LOCAL GOVERNMENTS TO ACQUIRE AND HOLD TITLE TO
PROPERTY TO DEVELOP ATTAINABLE HOUSING; ALLOWING A DEVELOPER TO
MAKE PAYMENTS IN LIEU OF PROPERTY TAXES; REQUIRING ATTAINABLE
HOUSING; PROVIDING FEES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

SECTION 1. [NEW MATERIAL] SHORT TITLE.--Sections 1
through 7 of this act may be cited as the "Workforce Housing
Creation Act".

SECTION 2. [NEW MATERIAL] DEFINITIONS.--As used in the
Workforce Housing Creation Act:

A. "area median income" means the area median
income, adjusted for household size, as published annually by
the United States department of housing and urban development,

.234294.3

1 for the applicable area in which an eligible multifamily
2 housing development is located;

3 B. "eligible multifamily housing development" means
4 a qualifying new multifamily development or a qualifying
5 existing multifamily development;

6 C. "local government" means an incorporated city,
7 town or village, a county or the governing body of an
8 incorporated city, town or village or a county;

9 D. "qualifying existing multifamily development"
10 means a residential rental development with five or more
11 dwelling units available for lease under written rental
12 agreements for periods of thirty days or more for which the
13 final certificate of occupancy was issued by the applicable
14 governmental authority two or more years prior to the date the
15 development is conveyed to the local government pursuant to the
16 Workforce Housing Creation Act and with at least twenty percent
17 of all units within the project designated by owner, leased or
18 designated and held for lease at rental rates twenty percent
19 below the current rental rates for comparable units within the
20 development;

21 E. "qualifying grantee" means the grantee conveying
22 to, and leasing from, a local government an eligible
23 multifamily housing development in accordance with the
24 Workforce Housing Creation Act and includes any successor and
25 assigns to the eligible multifamily housing development and

1 lease thereof; and

2 F. "qualifying new multifamily development" means a
3 residential rental development with five or more dwelling units
4 available for lease under written rental agreements for periods
5 of thirty days or more for which the final certificate of
6 occupancy was issued by the applicable governmental authority
7 less than two years prior to the date the development is
8 conveyed to the local government and with at least twenty
9 percent of all units within the project designated by owner,
10 leased or designated and held for lease exclusively to
11 households whose income is equal to or less than eighty percent
12 of the applicable area median income at the applicable rental
13 rates for the unit type and household area median income.

14 SECTION 3. [NEW MATERIAL] ACQUISITION AND LEASE OF
15 ELIGIBLE MULTIFAMILY HOUSING DEVELOPMENT PROPERTY.--

16 A. To qualify to make payments in lieu of property
17 taxes pursuant to the Workforce Housing Creation Act, a
18 developer of residential housing may transfer interest in real
19 property to a municipality or county for the purposes of
20 developing an eligible multifamily housing development.

21 B. A local government has all powers, other than
22 the power of eminent domain, necessary or convenient to carry
23 out the provisions of the Workforce Housing Creation Act.

24 C. A local government may acquire an eligible
25 multifamily housing development or property upon which an

.234294.3

1 eligible multifamily housing development will be constructed.

2 D. A local government may lease property acquired
3 pursuant to the Workforce Housing Creation Act to a qualifying
4 grantee through a long-term lease for the purpose of developing
5 or operating an eligible multifamily housing development.

6 E. A local government may determine the form of
7 lease and related documents to be used for the acquisition and
8 lease of an eligible multifamily housing development. A lease
9 entered into pursuant to this section shall be in accordance
10 with the general provisions and requirements of the Workforce
11 Housing Creation Act.

12 SECTION 4. [NEW MATERIAL] PROPERTY EXEMPT FROM TAXES AND
13 FROM LEVY AND SALE BY VIRTUE OF EXECUTION.--

14 A. The property of a local government, including
15 funds, owned or held in fee simple pursuant to the Workforce
16 Housing Creation Act is exempt from levy and sale by virtue of
17 an execution, and no execution or other judicial process shall
18 issue against the property, nor shall judgment against a local
19 government be a charge or lien upon the property.

20 B. The property of a local government acquired or
21 held pursuant to the Workforce Housing Creation Act is public
22 property used for essential public and governmental purposes,
23 and the property is exempt from property taxes or assessments
24 of the local government, the county, the state or any political
25 subdivision thereof; provided that the exemption shall

.234294.3

1 terminate when the local government transfers the local
2 government's fee simple interest in the property to a purchaser
3 that is not entitled to the exemption with respect to the
4 property. Nothing in this subsection authorizes an exemption
5 or a deduction from the imposition of the gross receipts and
6 compensating taxes under the Gross Receipts and Compensating
7 Tax Act on the gross receipts from the sale of property to or
8 the use of property by a local government or any other person
9 in connection with an eligible multifamily housing development
10 created under the Workforce Housing Creation Act.

11 C. At the end of the lease period, an eligible
12 multifamily housing development shall be valued at its current
13 and correct value in accordance with the provisions of the
14 Property Tax Code.

15 SECTION 5. [NEW MATERIAL] PAYMENTS IN LIEU OF PROPERTY
16 TAXES.--

17 A. For an eligible multifamily housing development,
18 if interests in the real property that is transferred to and
19 held by the local government are exempt from property taxation
20 and assessments under this section or Section 7-36-3.3 NMSA
21 1978, then during the period extending from the date of
22 acquisition of the property through December 31 of the year in
23 which the twentieth anniversary of the acquisition date occurs,
24 any lessee of the property or owner of a substantial beneficial
25 interest in the property shall pay to the county treasurer

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1 annually, at the same time property tax payments are due
2 pursuant to the Property Tax Code, an amount equal to:

3 (1) for the first tax year, the sum of:

4 (a) general property taxes that would
5 have been imposed pursuant to Subsection B of Section 7-37-7
6 NMSA 1978 had the property not been exempt and had the
7 property been valued at the valuation for property taxation
8 purposes that existed in the year immediately preceding the
9 year of acquisition by the municipality or county;

10 (b) amounts that would have been imposed
11 pursuant to Subsection C of Section 7-37-7 NMSA 1978 on the
12 property had the property not been exempt and had the
13 property been valued at the valuation for property taxation
14 purposes that existed in the year immediately preceding the
15 year of acquisition by the municipality or county; and

16 (c) amounts that would have been imposed
17 as benefit assessments on the property had the property
18 not been exempt and had the property been valued at the
19 valuation for property taxation purposes that existed in the
20 year immediately preceding the year of acquisition by the
21 municipality or county if those benefit assessments are
22 authorized by law and are expressed in mills per dollar or
23 dollars per thousand dollars of net taxable value of property,
24 assessed value of property or similar terms; and

25 (2) for each subsequent tax year, one hundred

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1 three percent of the amount paid in the previous tax year.

2 B. The county treasurer shall distribute all
3 amounts collected pursuant to Subsection A of this section in
4 the same manner as the amounts would have been distributed if
5 the amounts had been collected as taxes or assessments on
6 nonexempt property.

7 C. The provisions of this section apply to property
8 acquired by a local government under the provisions of the
9 Workforce Housing Creation Act.

10 SECTION 6. [NEW MATERIAL] COMPLIANCE AND ENFORCEMENT--
11 FEES.--

12 A. A local government shall monitor compliance with
13 the affordability requirements of the Workforce Housing
14 Creation Act and any lease entered into between the local
15 government and a qualifying grantee.

16 B. A local government may charge an annual fee
17 under a lease for an eligible multifamily housing development
18 equal to fifty dollars (\$50.00) per unit within the eligible
19 multifamily housing development. Additionally, the local
20 government may include in the applicable lease provisions
21 requiring that the eligible multifamily housing development pay
22 the actual and reasonable costs of any third-party auditor
23 reasonably approved by the local government to perform an
24 annual audit of all leases of eligible multifamily housing
25 developments.

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1 C. Failure of a property to remain an eligible
2 multifamily housing development or other material breach of the
3 terms of the lease for an eligible multifamily housing
4 development, each after notice and reasonable opportunity to
5 cure as set forth in the lease, may result in termination of
6 the lease by a local government, conveyance of the property
7 back to the qualifying grantee and imposition of property taxes
8 that would have been imposed under the Property Tax Code in the
9 year of the termination and thereafter.

10 SECTION 7. [NEW MATERIAL] RULEMAKING.--A local government
11 may adopt rules as necessary to administer the provisions of
12 the Workforce Housing Creation Act.

13 SECTION 8. A new section of the Property Tax Code,
14 Section 7-36-3.3 NMSA 1978, is enacted to read:

15 "7-36-3.3. [NEW MATERIAL] ELIGIBLE MULTIFAMILY HOUSING
16 DEVELOPMENT PROPERTY--TAX STATUS OF LESSEE'S INTERESTS.--The
17 property interests of a lessee or an owner of a substantial
18 beneficial interest in property acquired or held by a local
19 government with respect to a project authorized by the
20 Workforce Housing Creation Act are exempt from property
21 taxation for a period extending from the date of acquisition of
22 the property by the municipality through December 31 of the
23 year in which the twentieth anniversary of the acquisition date
24 occurs."

25 SECTION 9. APPLICABILITY.--The provisions of Section 8 of
26 .234294.3

underscoring material = new
[bracketed material] = delete

1 this act apply to property tax years beginning on or after
2 January 1, 2028.

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